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DDS&T-1517/71

17 May 1971

MEMORANDUM FOR: Mr. Duckett

SUBJECT : Contracting Procedures Within the Directorate for
Science and Technology

REFERENCE : DDS&T-064/71, 4 February 1971, to Office Directors

1. The referenced DD/S&T memorandum requested each Office Director to review contracting procedures within their respective Offices in the light of comments made over a period of time at DD/S&T staff meetings. The referenced memorandum also stated that it was most important for each Office to have a procedure for review and documentation of contract actions to which the Deputy Director for Science and Technology could look with confidence and be assured that the record clearly reflected objectivity and impartiality in contractor selections.

2. With the exception of Special Projects Staff each Office has now submitted its procedures. Because of the most unusual circumstances inherent in SPS activity it is simply not possible to conduct business in governmental fashion and thus SPS should not be expected to respond with procedures as the other Offices have. In Attachment A, I have set forth the various Panels and Boards which either have been in existence in the Offices or which have recently been constituted in response to the request of DD/S&T. Each Office now has a review mechanism which should provide this Directorate with assurance that contractor selections are made on the basis of sound practices and that the record of the procedure is supportable. In general, the review mechanism is used for the evaluation of justifications for sole source selection and for the evaluation of proposals in those instances where some form of competition has been employed.

3. I believe that if the Offices will utilize these Panels and the supplementary procedures, the Directorate will achieve its basic objective which is to institute sound contracting procedures while at the same time retaining flexibility and responsiveness. I recommend that this point regarding utilization of the Panels be emphasized from time to time at DD/S&T staff meetings.

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4. Our experience in OSI and ORD where Panels have recently been established and considerably more competition has been achieved (in both R&D and analysis type actions) pretty well establishes that some form of competition, even though informal, can be beneficial. More and more frequently we are hearing project officers pointing to the fact that they are getting better proposals from contractors, and they are getting greater exposure to other concepts and ideas from contractors invited to propose. ORD recently found it possible to make three awards from one RFP when they determined that certain parts of individual contractor's proposals were so good as to justify splitting the award three ways to take advantage of the exceptional ideas being generated in different proposals.

5. In nearly every case technical considerations provide the overriding basis for selection of the contractor with price being an important but secondary factor. This is due to the fact that we are operating in an area of Negotiated Procurement as opposed to Formerly Advertised Procurement. Notwithstanding this basic premise that technical capability and competence are the primary considerations for award we nevertheless are finding that competition, even though informal, has a bearing on price and when contractors realize they are competing we obtain the benefit of better cost proposals.

6. I have made it clear to the team contracting officers that they have an overriding responsibility to remain flexible and responsive to the needs of the technical office they support. I do not believe that the increase in competition has caused the process to slow down nor has it impinged severely on the flexibility of the technical officers involved. However, should it appear at any time that the emphasis on competition is slowing the process down, then we should re-examine the procedure to determine how the procedure can be expedited to achieve the benefits of some form of competition without loss of responsiveness. There has been no change in the basic need to contract on a sole source basis when the facts support this need. What happens in most cases is that the Panels are able to assist the project officer in arriving at a reasonably good and supportable justification. However, when the facts do not support the award on a sole source basis then the Panels have moved the project officer into some form of competition with two or more proposals being

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received. In this connection the Panels have been very effective since they are composed of technical officers with the contracting officer as an advisory member. Thus, the Panel's decision is much more acceptable to the individual project officer than if it were to come solely from a contracting officer.

7. In summary, I believe progress is being made in this area.



Chief
Procurement Management Staff, DD/S&T

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Attachment: A/S

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Attachment A: Evaluation Panels in DD/S&T

Office of Research and Development

ORD established a Contractor Selection Board on 3 January 1969. Membership is composed of Chairman, Scientific Advisor to D/ORD, the Executive Officer, a Division Chief, the Chief, Procurement Management Staff.

Office of Elint

A Program Review Board (PRB) was established in OEL in 1964 for the purpose of insuring careful review of external contracting and to give prior exposure to senior officers in OEL on contract initiation and change. The Chairman, PRB is the Director of Elint with the balance of membership consisting of each Division Chief and the Deputy Director OEL. The Chief of the OEL contracting team is always represented at PRB meetings.

Office of Scientific Intelligence

The OSI Contract Review Panel is chaired by the Executive Officer OSI with membership consisting of OSI Division Executive Officers. The contracting officer serves as an advisory member.

Foreign Missile and Space Analysis Center

FMSAC has now formally constituted a Review Panel consisting of the four Division Chiefs, chaired by the Deputy Director FMSAC. This group is assisted by the Special Assistant to the Chief, Systems Division who serves as Executive Secretary and also provides day to day monitoring of FMSAC external analysis programs. No provision is currently made for the contracting officer to meet with the Review Panel. However, discussions will be undertaken with the Executive Officer FMSAC on this point.

Office of Computer Services

OCS has a Technical Review Committee composed of Division Chiefs, Staff Chiefs, Deputy Director OCS, and from time to time other OCS members of the Director's Staff. The majority of procurements originated in OCS are accomplished by the placement

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of an order against the GSA schedule. Thus there is no requirement for competition since the competition has already been achieved by GSA in the process of establishing the GSA schedule. OCS has relatively few contractual problems. However, it is noted that the team contracting officer is not a member of the review committee and this matter will be reviewed with the Executive Officer OCS.

Office of Special Projects

OSP does not have a formally constituted panel or board on a permanent basis but does consistently utilize source selection and evaluation boards to provide the necessary direction and control of the selection process. The contracting officer is normally a participating member of this board.

Office of Special Activities

An OSA Contract Review Panel has been established and will meet on an ad hoc basis to review requests and contracting support. The Panel consists of Deputy Director OSA Chairman, Deputy for Research and Development and the Assistant Deputy for Materiel. The OSA contracting officer is an advisory member.

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